

Bismarck Infrastructure Task Force | Meeting 11 Minutes

The Bismarck Infrastructure Task Force met at 3:00PM on April 3, 2017 in the Mayor's Conference Room in the City/County Office Building at 221 North 5th Street in Bismarck. Present were: Commissioner Steve Marquardt (Co-Chairperson), Commissioner Shawn Oban (Co-Chairperson), Kevin Strege (Cornerstone Bank), Nancy Deichert (Bismarck-Mandan Board of Realtors), Brian Ritter (BMDA), Scott Meske (Bismarck-Mandan Chamber of Commerce), Brenda Nagel (Bismarck-Mandan Chamber of Commerce), Dot Frank (Bismarck-Mandan Home Builders Association) – via telephone, Keith Hunke (City of Bismarck Administrator), Sheila Hillman (City of Bismarck Finance Director), Gabe Schell (City Engineer), and Jason Tomanek (City of Bismarck Assistant City Administrator)

The minutes of the April 3, 2017 meeting were received and approved on the motion of Brian Ritter with Kevin Strege seconding the motion. All present approved the action.

Nancy Deichert reported that the Bismarck-Mandan Board of Realtors (BMBOR) had convened a meeting of their executive staff to consider the recommendation of the Infrastructure Task Force. It was reported that the BMBOR has taken action regarding the funding of arterial roadway improvements and offered the following:

1. To support using 50% of the current one-cent sales tax dollars collected for property tax relief.
2. To support the City Commission's use of existing sales tax dollars for special assessment subsidies.
3. To support an additional one-cent sales tax for funding arterial road improvements with a sunset clause and project list as part of the measure.

The material provided by the BMBOR is attached at Exhibit 1.

The Task Force members discussed the goal of holding the 25-mill property tax buy-down at the 2018-dollar amount, which is estimated to be \$9,200,000. The general consensus of the Task Force is to prevent the sales tax from being entirely utilized by the mandated property tax buy-down.

A discussion was held relating to the City of Bismarck's Moody's rating and if the recommended actions of the Infrastructure Task Force would have a negative impact on the overall bond rating. Sheila Hillman stated that the Moody's rating would not be affected on the last bond rating if this is the only variable that would change. It was noted that there are several variables that could influence the bond rating in the future, but it is too difficult to speculate years in advance due to the volume of outside influences that are considered with the bond rating.

MOTION 1

Kevin Strege made the motion to cap the funding of the 25-mill property tax buy-down at the 2018-dollar amount – estimated to be \$9,200,000 – with the understanding that the Board of City Commissioners would place the measure on the ballot in June of 2018,

Brian Ritter seconded the motion. Upon roll call vote, the Task Force members voted as follows: Ayes: Commissioner Marquardt, Mr. Ritter, Ms. Frank, Ms. Nagel, Mr. Strege and Mr. Clement. Nays: Commissioner Oban, Ms. Hillman, Ms. Deichert and Mr. Hunke. The motion passed 6-4.

Scott Meske arrived at 3:50PM.

Commissioner Oban questioned the Task Force members on which agency or group would sponsor in initiated measure to cap the existing 25-mill buy-down. It was noted that if the Board of City Commissioners sponsored the initiative, it would likely face a more difficult challenge in passing than if the business community sponsored and supported the effort throughout the community. Scott Meske stated that the Bismarck-Mandan Chamber of Commerce would be supportive of the direction chosen by the City Commission.

Kevin Strege provided information regarding sales tax as a regressive tax that could impact the median income resident more than the median value property tax families. It was also stated that sales tax collections are not limited to just residents within the city, but all visitors and businesses that choose to purchase items in Bismarck.

The Task Force members agreed that there may need to be multiple steps toward a sustainable revenue source for funding arterial roadway projects. With step 1 involving a cap on the property tax buy-down; step 2 would be to redirect special assessment subsidies to funding of arterial roadway projects.

MOTION 2

Don Clement made the motion to redirect the special assessment buy-down to new arterial roadway improvements, per the recommended project list developed by the Infrastructure Task Force (below)

- 43rd Avenue from Washington Street to US Highway 83
- 43rd Avenue from 26th Street to Centennial Road
- 43rd Avenue from US Highway 83 to 26th Street
- Centennial Road from Jericho Road to 43rd Avenue
- State Street from Calgary Avenue to 43rd Avenue
- State Street from 43rd Avenue to 57th Avenue
- Washington Street from 57th Avenue to ND Highway 1804
- Ash Coulee Drive from Cornice Drive to Washington Street
- Washington Street from the Drainage Channel to Burleigh Avenue
- State Street from 57th Avenue to ND Highway 1804
- Centennial Road from I-94 to Century Avenue
- Century Avenue from Centennial Road to 66th Street
- Main Avenue from Bismarck Expressway to 66th Street

- Tyler Parkway from Valley Drive to 57th Avenue

Scott Meske seconded the motion. Upon roll call vote, the Task Force members voted as follows: Ayes: Commissioner Marquardt, Mr. Ritter, Ms. Frank, Mr. Meske, Mr. Strege and Mr. Clement. Nays: Commissioner Oban, Ms. Hillman, Ms. Deichert and Mr. Hunke. The motion passed 6-4.

Dot Frank left the meeting at 4:15.

MOTION 3

Kevin Strege made the motion to reassess funding of arterial roadways after the June 2018 election in the context of previously discussed options and emerging state or national trends or programs. Don Clement seconded the motion. Upon roll call vote, the Task Force members voted as follows: Ayes: Commissioner Marquardt, Mr. Ritter, Mr. Meske, Mr. Strege, Ms. Deichert and Mr. Clement. Nays: Commissioner Oban, Ms. Hillman, and Mr. Hunke. The motion passed 6-3.

The recommendations of the Infrastructure Task Force will be presented to the Board of City Commissioners at the regular meeting on Tuesday, April 25th.

The general consensus of the Task Force members was to reconvene the Infrastructure Task Force at a future date.

The agenda having been completed, the meeting adjourned at 4:37 PM.

Reported by Jason Tomanek

EXHIBIT 1

Bismarck Mandan Board of REALTORS® Position on Infrastructure Funding for Arterial Road Improvements

April 12, 2017

The Board of Directors of the Bismarck Mandan Board of REALTORS® has taken action as follows regarding funding of arterial road improvements in Bismarck:

1. To support using 50% of the current one-cent sales tax dollars collected for property tax relief.
2. To support the City Commission's use of existing sales tax dollars for special assessment subsidies.
3. To support an additional one-cent sales tax for funding arterial road improvements with a sunset clause and project list as part of the measure.

The Bismarck Mandan Board of REALTORS® believes:

1. The sales tax is the fastest and most direct way to raise the needed dollars.
2. The sales tax allows more people to share in funding the road improvements.
3. Affordability of home ownership is already an issue in our community and we cannot support action that would substantially add to those costs.
4. The timing and uncertainty of other current issues that may have direct impacts on property owners would cumulatively have significant impacts on property owners and potential property owners. These other issues include:
 - a. The level of support, if any, the state will continue to provide for property tax relief and what additional impacts that may have on property owners.
 - b. On a federal level, we are told, "everything is on the table", including the mortgage interest deduction and property tax deductions.

We understand this is a different direction than what we had been talking about as a group; and, we recognize that if the task force as a whole takes action to move in other directions, then the REALTOR® association will re-examine if it can be onboard with the action that is taken.

We feel this position best represents our members, their clients, and property owners in Bismarck.